

AMENDED IN ASSEMBLY MARCH 19, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 7

Introduced by Assembly Members Lieu and Saldana
*(Coauthors: Assembly Members Beall, Horton, Huff, Jeffries, Laird,
and Wolk)*

December 4, 2006

An act to add Sections 22345 and 23038 to the Financial Code, relating to consumer loans.

LEGISLATIVE COUNSEL'S DIGEST

AB 7, as amended, Lieu. Armed service members: consumer loans.

The California Finance Lenders Law provides, among other things, for the licensure and regulation by the Commissioner of Corporations of persons engaged in the business of making consumer loans and governs the terms that may be included in those loans. The California Deferred Deposit Transaction Law provides for the licensure and regulation by the commissioner of persons engaged in the business of making or negotiating deferred deposit transactions, which are transactions in which the lender defers depositing a consumer's personal check until a specified date pursuant to a written agreement. A willful violation of either the California Finance Lenders Law or the California Deferred Deposit Transaction Law is a crime.

This bill would, *on and after October 1, 2007*, make it unlawful under the California Finance Lenders Law and the California Deferred Deposit Transaction Law to violate specified provisions of the John Warner National Defense–Deposit Authorization Act for Fiscal Year 2007, relating to the Armed Forces. Because this bill would make a willful

violation of those provisions a crime, it would impose a state-mandated local program.

Existing law provides that any person who violates specified provisions prohibiting discrimination against a member of the military or naval forces of this state or the United States, including discrimination with respect to the terms of a loan or financing based on that person's membership in the military or naval forces of this state or of the United States, is guilty of a misdemeanor.

This bill would exempt from the discrimination provisions, *with respect to loans and transactions covered by the John Warner National Defense Authorization Act*, any person who does not market or extend consumer loans to armed services members and any ~~licensee under the California Deferred Deposit Transaction Law~~ *person* who does not market deferred deposit transactions to, or enter into such transactions with, armed services members.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 22345 is added to the Financial Code, to
- 2 read:
- 3 22345. (a) Any person who violates any provision of Section
- 4 670 of the John Warner National Defense Authorization Act for
- 5 Fiscal Year 2007 (Public Law 109-364) or any regulation
- 6 promulgated thereunder, violates this chapter.
- 7 (b) ~~With respect to any consumer loans covered by Section~~
- 8 ~~670 of the John Warner National Defense Authorization Act or by~~
- 9 ~~any regulation adopted under that act, a person that does not~~
- 10 ~~market consumer loans to, or does not extend those loans to, armed~~
- 11 ~~services members, shall not be in violation of Section 394 of the~~
- 12 ~~Military and Veterans Code.~~
- 13 (c) *This section shall become operative on October 1, 2007.*
- 14 SEC. 2. Section 23038 is added to the Financial Code, to read:

1 23038. (a) Any person who violates any provision of Section
2 670 of the John Warner National Defense Authorization Act for
3 2007 (Public Law 109-364) or any regulation promulgated
4 thereunder, violates this division.

5 (b) ~~A licensee~~ *With respect to any deferred deposit transactions*
6 *covered by Section 670 of the John Warner National Defense*
7 *Authorization Act or by any regulation adopted under that act, a*
8 *person* that does not market deferred transactions to, or does not
9 enter into those transactions with, armed services members, shall
10 not be in violation of Section 394 of the Military and Veterans
11 Code.

12 (c) *This section shall become operative on October 1, 2007.*

13 SEC. 3. No reimbursement is required by this act pursuant to
14 Section 6 of Article XIII B of the California Constitution because
15 the only costs that may be incurred by a local agency or school
16 district will be incurred because this act creates a new crime or
17 infraction, eliminates a crime or infraction, or changes the penalty
18 for a crime or infraction, within the meaning of Section 17556 of
19 the Government Code, or changes the definition of a crime within
20 the meaning of Section 6 of Article XIII B of the California
21 Constitution.